



• Construct • Commission • Maintain

COFFEE MICROCAPS PRESENTATION

25th March 2021

STRONG RELATIONSHIPS. RESILIENT GROWTH.

- ✔ Specialist contractor delivering in-house and niche end-to-end solutions covering design, construction and maintenance to the energy, resources and infrastructure sectors
- ✔ Proven and reputable management team with significant skin in the game
- ✔ Strong national footprint, delivering repeat contract work through tier-one and diversified client base
- ✔ Strong and resilient operational performance delivered record 1H 21 results
- ✔ Asset Services growth strategy is transitioning VMX into a full asset lifecycle provider to deliver increased exposure to recurring revenue streams
- ✔ Construction work underpinned by Government stimulus: gas and infrastructure development
- ✔ A recognised first-mover in the emerging hydrogen sector

STRONG OPERATIONAL PERFORMANCE

- ❶ Valmec's first half performance delivered record earnings and cashflow generation
- ❷ Largest ever asset services contract secured with Origin Energy - \$100 million over 5 years providing compression facility, wellsite mechanical and electrical maintenance services.
- ❸ Significant pipeline of construction and service opportunities valued at circa \$1.1B
- ❹ Forward order book of > \$200 million, with 67% of orders represent recurring revenue
- ❺ Valmec is well positioned to deliver record revenues for the full year
- ❻ Valmec celebrated over 3 million hours lost time injury free during the period
- ❼ Finished the first half with a recorded TRIFR (total recordable injury frequency rate) of 0.56

REVENUES

\$61
MILLION



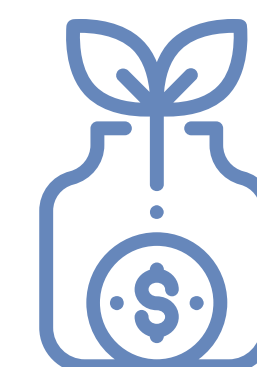
EBITDA

\$6.1
MILLION



CASHFLOW GENERATION

\$7.3
MILLION



ORIGIN CONTRACT

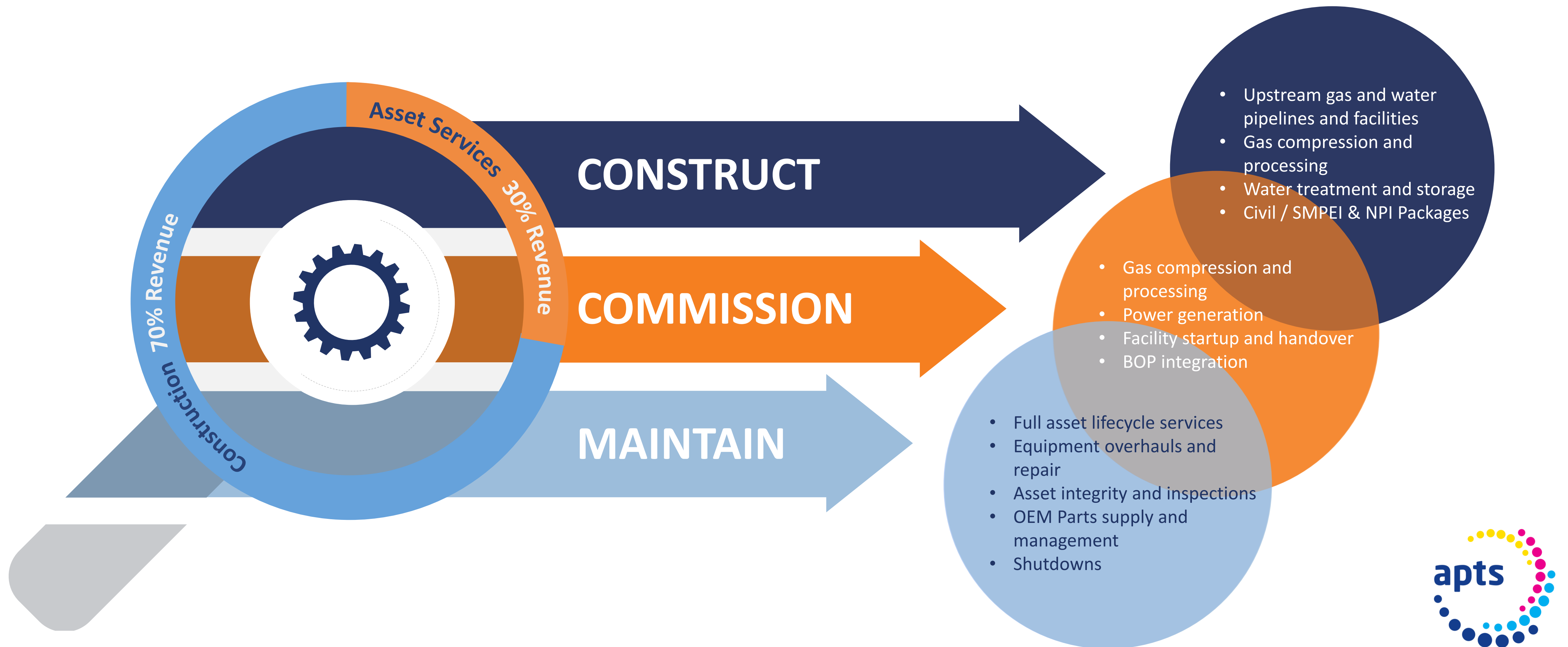
\$100
MILLION



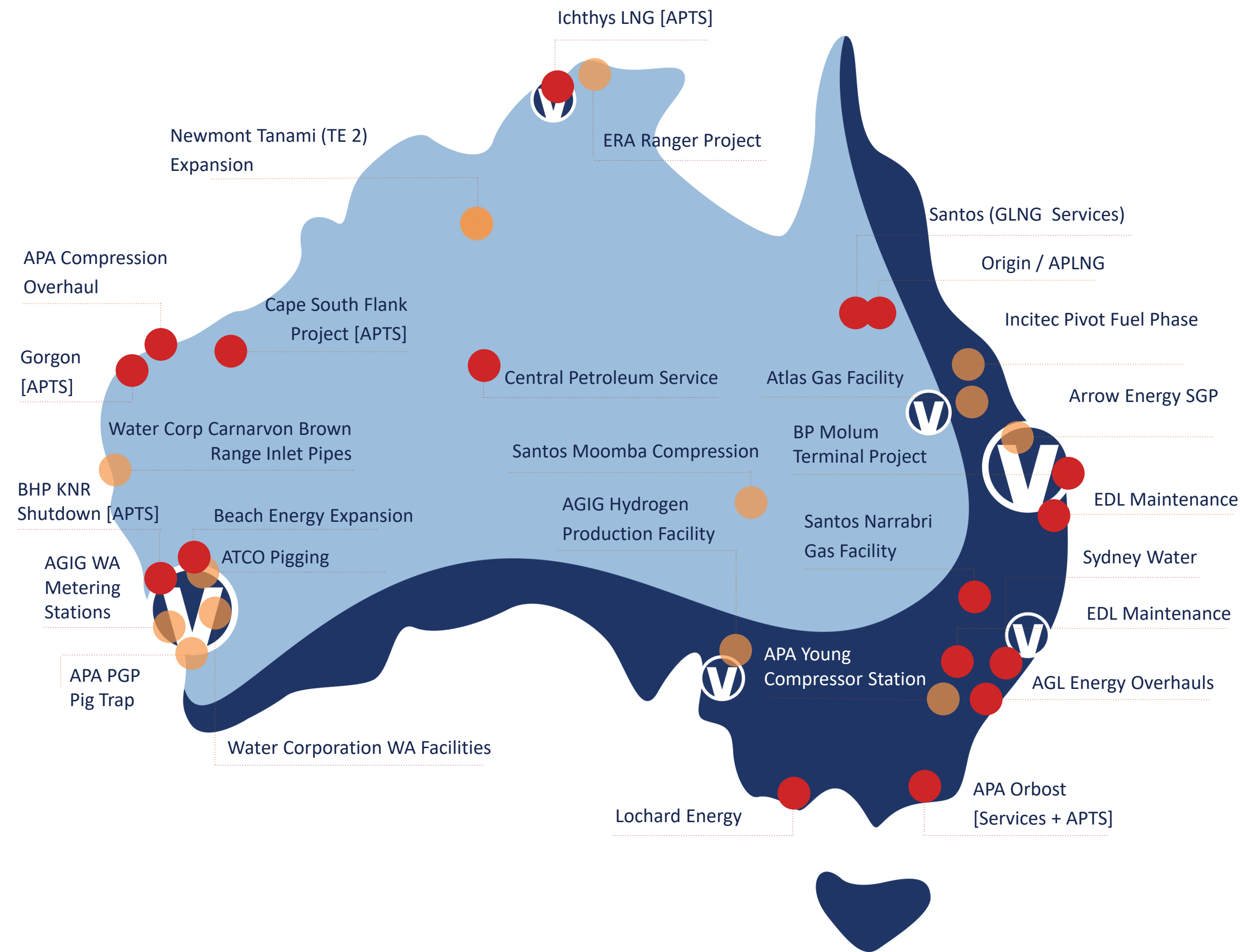
ABOUT VALMEC LIMITED



CURRENT SERVICE OFFERING



NATIONAL PRESENCE



VALMEC OFFICES / WORKSHOPS

ENERGY + INFRA PROJECTS

SERVICES CONTRACTS

360+ EMPLOYEES

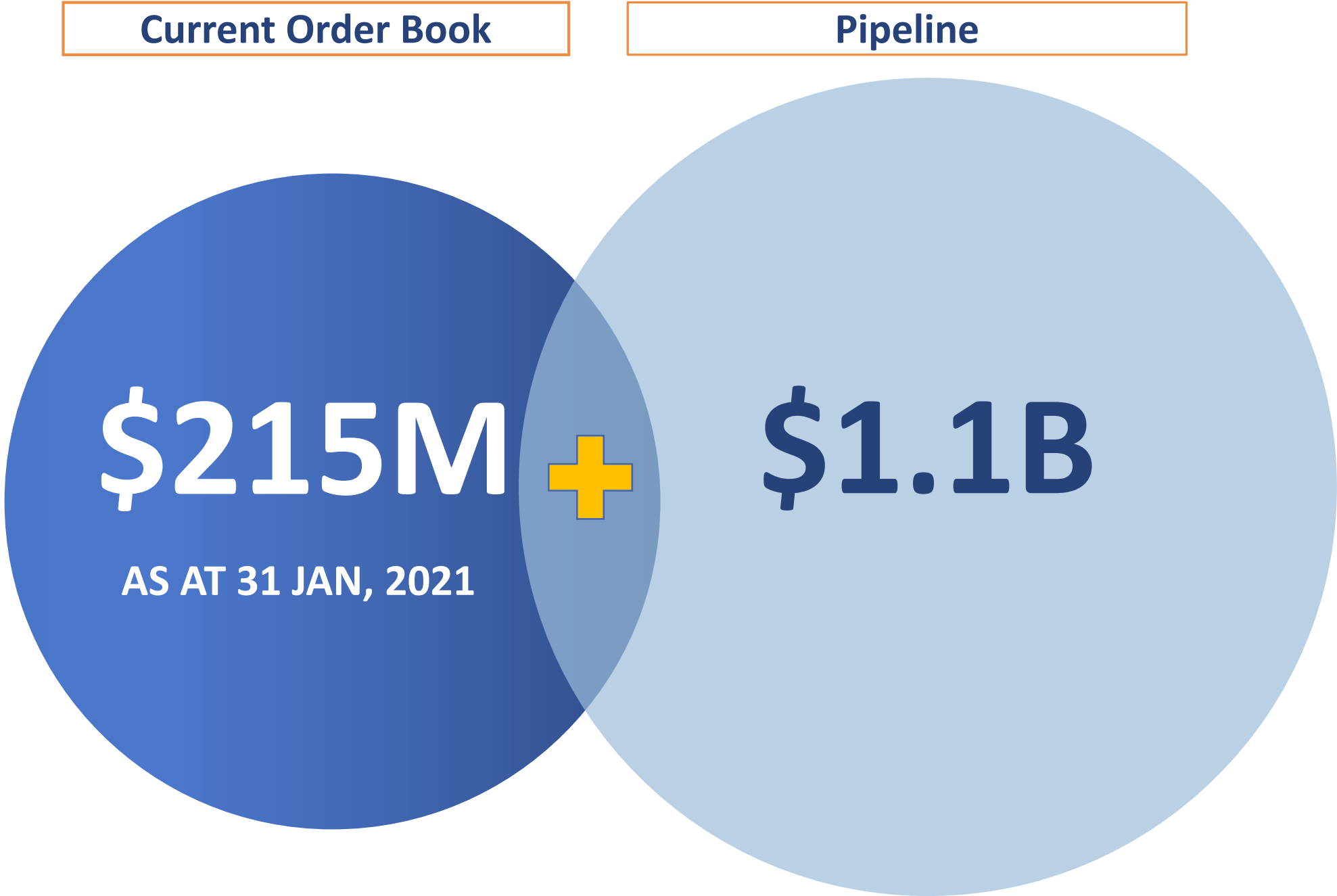
STRONG HEALTH & SAFETY CULTURE

- ✔ Safety leadership and values drive our continuous improvement
- ✔ 3.4 Million Hours LTI Free (> 3500 days)
- ✔ Industry leading TRIFR of 0.56
- ✔ Federal Safety Accreditation Status
- ✔ High staff retention rate
- ✔ Reconciliation Action Plan

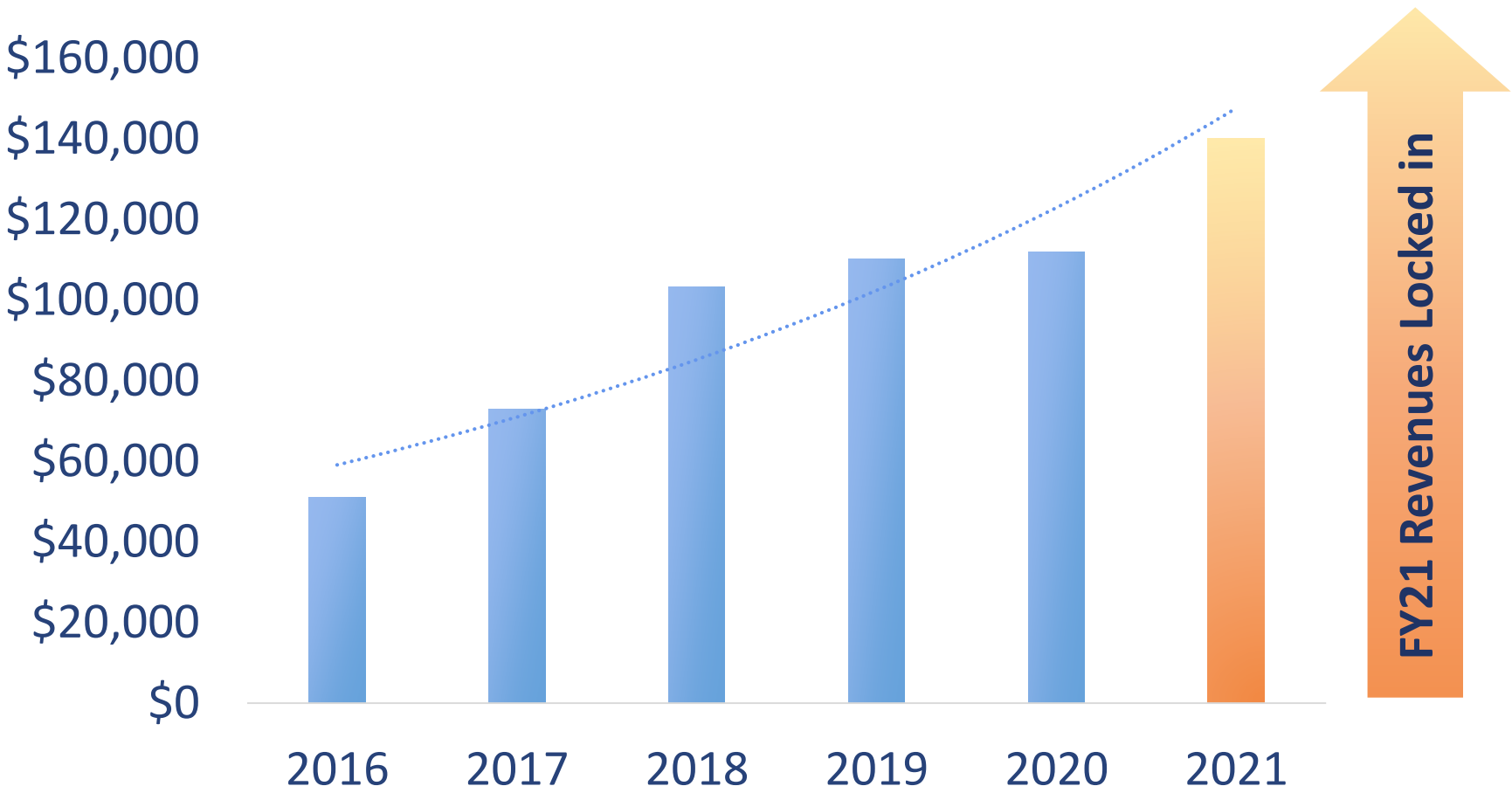


ESTABLISHED TRACK RECORD

- ❶ Recurring revenue and excellent business growth through established, blue-chip client base
- ❷ Asset services strategy focused on enhancing Valmec's offering and deliver the next phase of significant growth
- ❸ Strong 1H results, deliver record earnings and cashflow, placing Valmec firmly on track to deliver record revenues for FY 2021



REVENUE 5 YEAR TREND



CREATING A 'ONE-STOP' SHOP

- ❶ To be the most trusted specialist services group in the delivery of projects, operations and maintenance services in energy, resources and infrastructure
- ❷ Asset Services strategy is transitioning Valmec into a 'one-stop' shop covering the full project lifecycle of key assets – Construct, Commission, Maintain
- ❸ Industry recognised E.C.I. partner delivering a broad range of asset services from conception to decommissioning
- ❹ Primary goal is to increase asset life and lower the total cost of ownership for clients
- ❺ Targeted mergers and acquisitions will round out the Valmec service offering



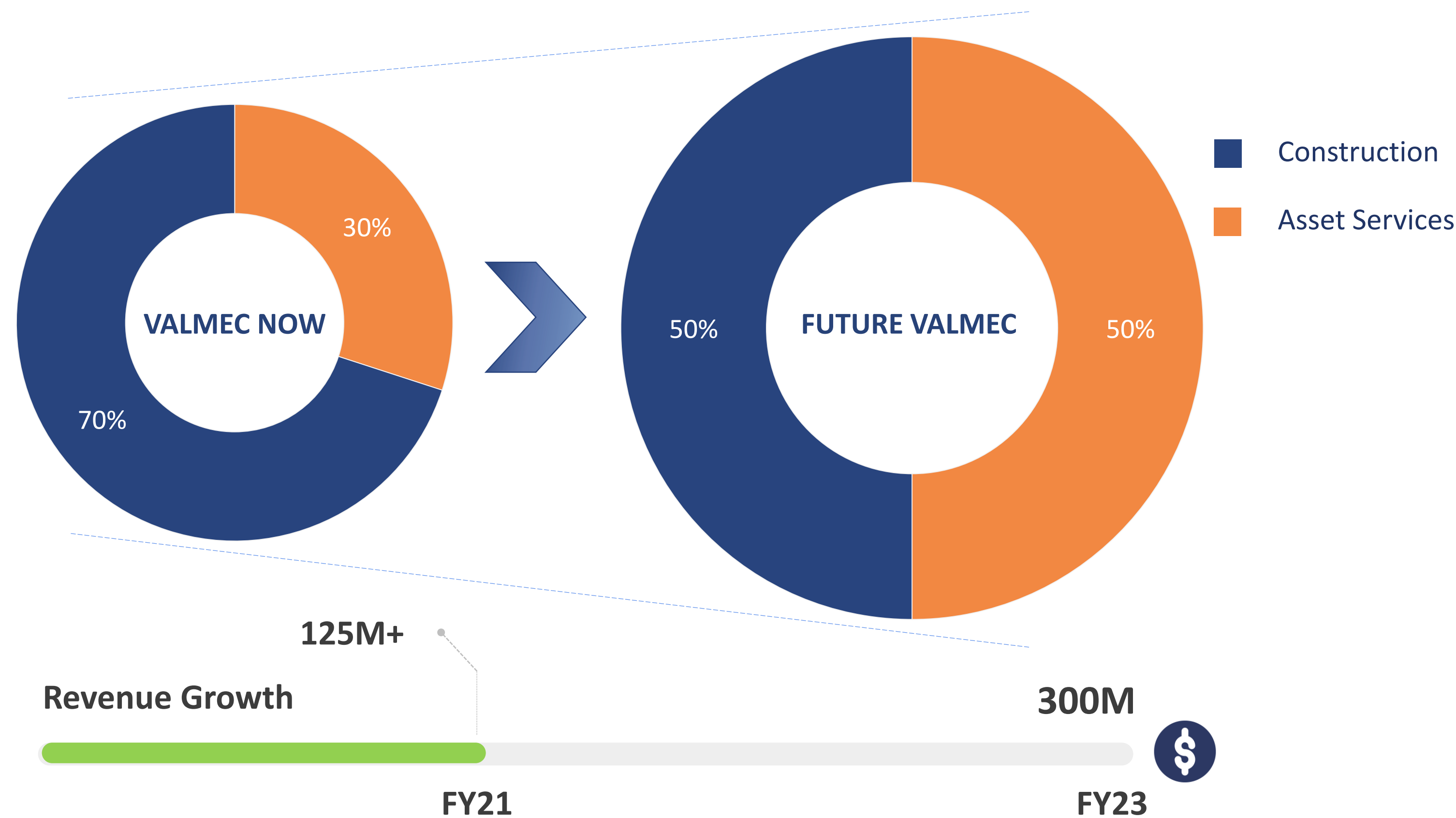
A business model that is hard to replicate



EXPANDING THE ASSET SERVICES FOCUS

- ❶ A low-risk strategy, leveraging current capabilities, experience and strong national presence, to deliver an enhanced offering to current and future clients
- ❷ Significant opportunity to position the business across the entire Energy Services supply chain
- ❸ Order book to be dominated by recurring revenue streams
 - ❶ Current forward order book +\$200 million
 - ❷ 67% of forward orders represented by recurring revenue
- ❹ Continued focus on working towards FY 23 revenue target of \$300 million

TARGET REVENUE & BUSINESS SEGMENT GROWTH



DIVERSIFIED MARKETS. RESILIENT GROWTH.

ASSET SERVICES



- ❶ Long Term Services Contract with Origin Energy Resources Limited on behalf of the Australia Pacific LNG Joint Venture (APLNG) Project in South West Queensland
- ❷ Since the contract's inception in 2016, Valmec has provided specialist technicians, equipment and parts, within its preventative and corrective maintenance service scope, as well as delivering brownfield construction services to the APLNG Project's upstream gas compression and power generation assets



UPSTREAM ENERGY



- ❶ Valmec was awarded a contract with Jemena for facility construction works at its Atlas Gas Pipeline Project in South West Queensland
- ❷ With a turnkey scope valued at \$22.1 million and incorporating a large scale 10 compressor package facility, works commenced in January 2019 with completion achieved less than 10 months later

***Fast-tracked domestic supply
“...record time for a greenfield
project...”***

- Senex Announcement, 10.12.19



Senex

**Fast-Track
DOMESTIC GAS**

WATER UTILITIES



- ❖ Key water infrastructure expertise has seen Valmec become a key long term partner in Water Corporation's metropolitan and regional infrastructure upgrades in Western Australia
- ❖ Together with works on the Pipes for Perth water main renewal programme, Valmec has now delivered over \$45 million of works for Water Corporation in recent years



REPLACING

AGEING WATER PIPES



HYDROGEN



- ❖ Valmec is an early player in the rapidly growing Hydrogen sector, paving the pathway to a cleaner energy future
- ❖ Valmec was engaged by Australian Gas Infrastructure Group (AGIG) to deliver the EPC project at HyP SA in South Australia
- ❖ HyP SA is set to be in operational by late 2020 and will produce renewable hydrogen, for blending with natural gas

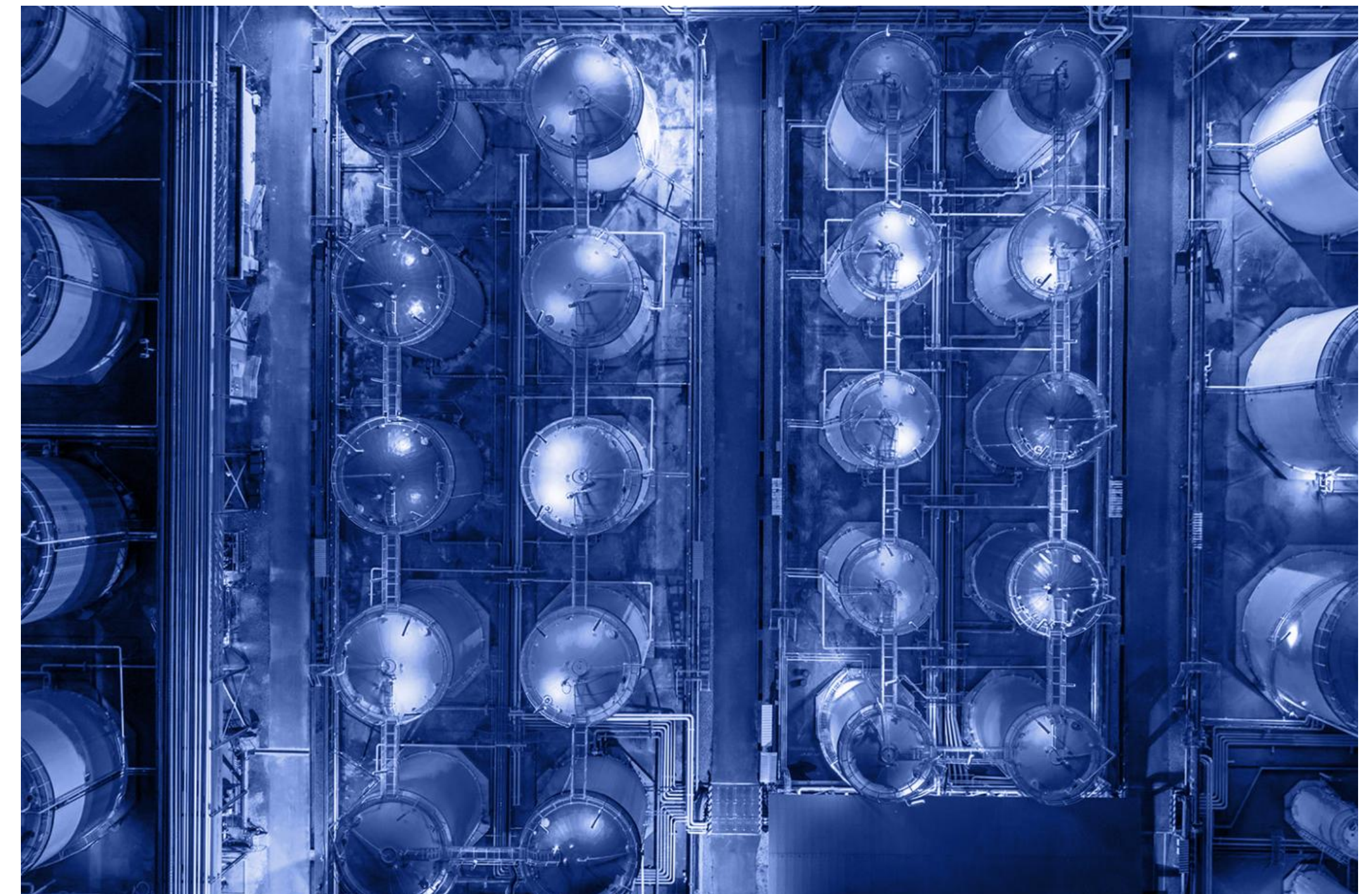


RIGHT PLACE. RIGHT TIME.

WELL-POSITIONED TO SUPPORT EAST COAST

“LOOMING EAST COAST GAS CRISIS”

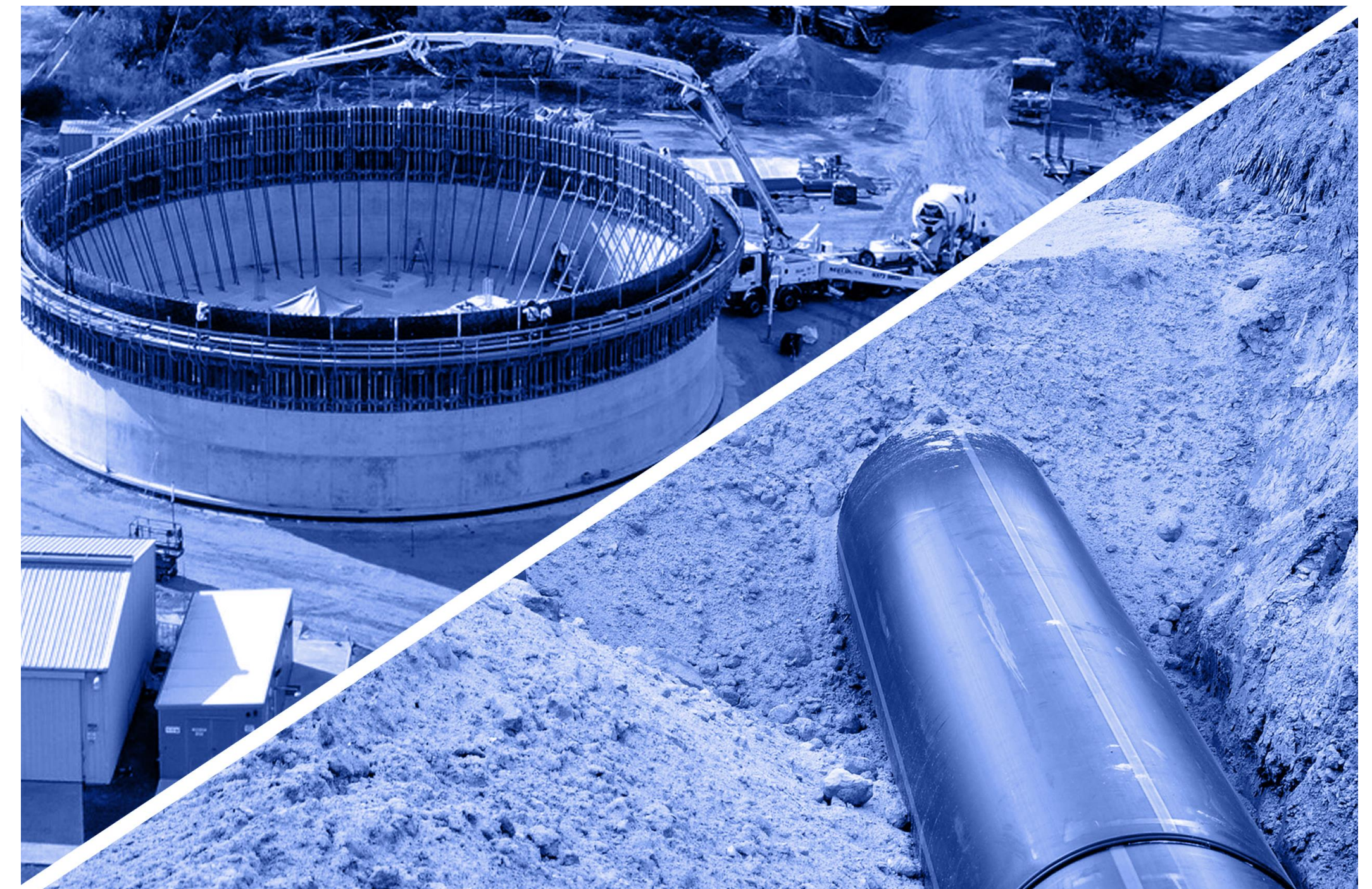
- ❖ Diminishing outputs of gas from southern states are poised to leave Victoria and NSW with shortages within 3 years
- ❖ Government gas-fired recovery producer initiatives will also require additional support – LNG Import Projects and Hydrogen over the longer term
- ❖ Valmec well positioned through its client networks, east coast footprint and significant gas experience to participate through this sector expansion



VALMEC, AN EXPERT IN THE WATER SECTOR

“WATER UPGRADES & SECURITY ON GOVERNMENT PRIORITY LIST”

- ❖ Post COVID, nationally-significant infrastructure needs around Australia with new projects consistently added to Australian Government Infrastructure priority list
- ❖ Australian Government budget initiatives focusing on bolstering water security and regional development across the country
- ❖ Valmec’s significant engineering, construction and service experience on key water infrastructure in WA will be leveraged for East Coast expansions



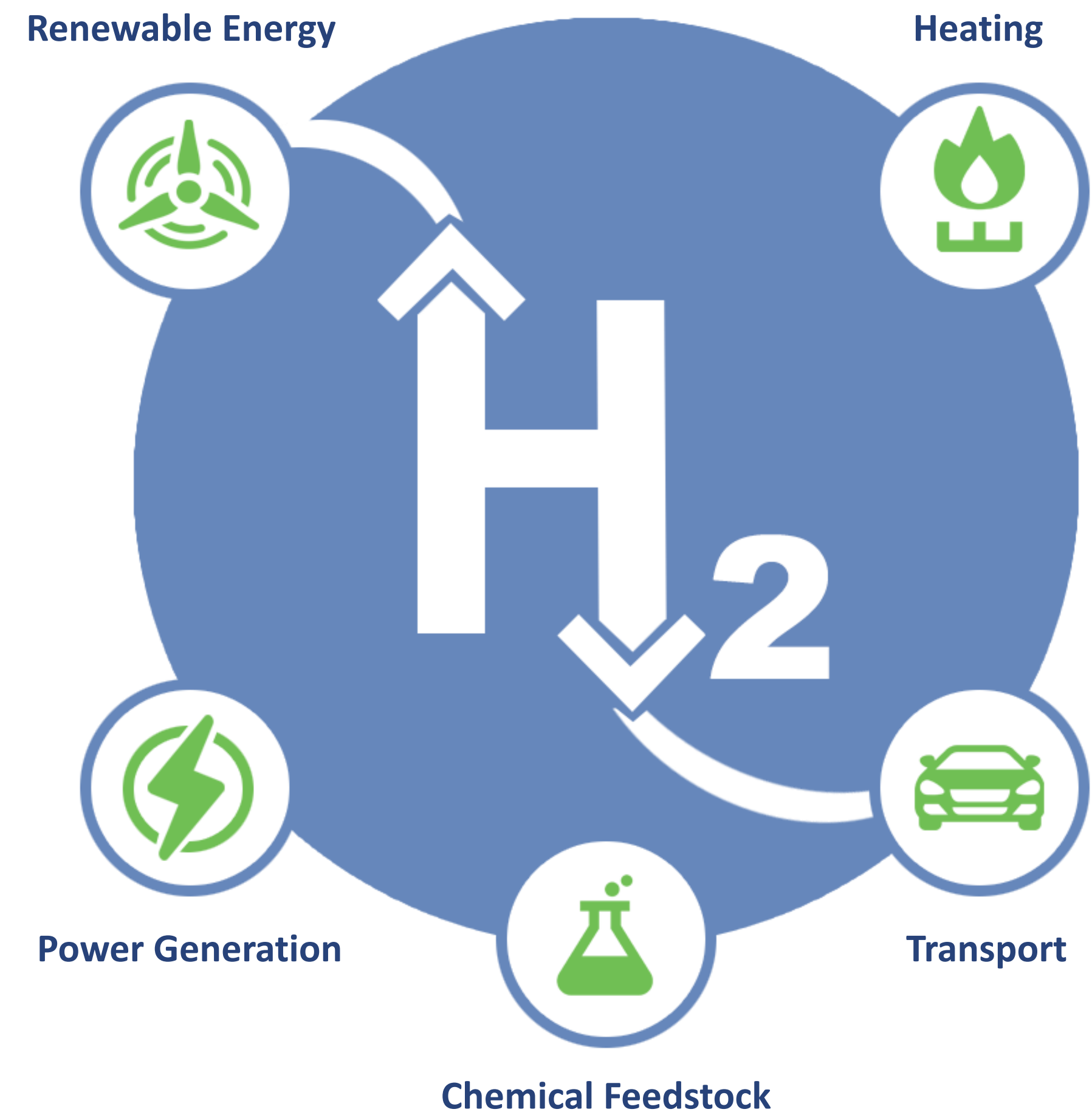
HYDROGEN, AUSTRALIA & VALMEC

AN INTRODUCTION TO HYDROGEN

- ❖ Hydrogen emerging as a key driver in the global push to decarbonise emissions-intensive sectors
- ❖ National Hydrogen Strategy (2019) creates the framework for a clean, innovative, safe and competitive hydrogen industry for both domestic and energy export by 2030

Benefits of Hydrogen

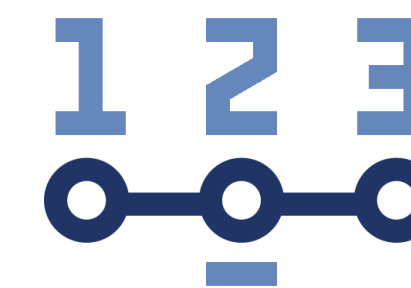
- ❖ Produces no carbon dioxide emissions when used as a fuel
- ❖ Produced as a gas or liquid, or made as a part of other materials
- ❖ Underpins resilience of intermittent renewables
- ❖ Key end uses in road transport, aviation and shipping, steel production and refineries
- ❖ Major export industry



FIRST MOVER ADVANTAGE

- ❶ Valmec is an early mover in the sector through successful delivery of the EPC project for Australian Gas Infrastructure Group (AGIG) at Australia's first Hydrogen project in South Australia
- ❷ Valmec has developed a strong hydrogen EPC skillset in the areas of concept design, construction, commissioning and OEM operations support
- ❸ Valmec now being actively sought after by new proponents, H2 technology OEMs and Engineering houses for its expertise for other hydrogen developments around Australia
- ❹ **The Company is well positioned to be a major player in this exciting and rapidly growing industry with currently over \$260M in active opportunities**

MEASURES OF SUCCESS



- ❶ Australia is one of the top three exporters of hydrogen to Asian markets



- ❶ Australia has an excellent hydrogen related safety track record



- ❶ Hydrogen is providing economic benefits and jobs in Australia



- ❶ Australia has a robust, internationally accepted, provenance certification scheme in place

Source: <https://www.industry.gov.au/>

POWERING FORWARD

KEY GROWTH DRIVERS & MILESTONES

✓ Revenue growth will be driven by

- ✓ Government stimulus infrastructure spend
- ✓ The 'gas-led' economic recovery
- ✓ Asset services growth underpinned by major maintenance cycle
- ✓ Targeted growth in national water sectors
- ✓ Hydrogen as a highly prospective emerging energy source

✓ Execute targeted merger & acquisition opportunities to

- ✓ Expand customer base
- ✓ Increase skillset across key growth areas
- ✓ Deliver synergies

✓ Transitioning Valmec into a full service asset lifecycle provider with strong recurring revenue

✓ Exposure to burgeoning and diversified sectors – Energy, Water & Resources – **Right Place: Right Time**

FORWARD ORDER BOOK

\$215+
MILLION



RECURRING REVENUE

67%
OF ORDERBOOK



TENDER PIPELINE

\$1.1+
BILLION



VALMEC SET TO DELIVER

RECORD FY21
REVENUE & EARNINGS



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